

# Curriculum Vitae

## Dr John Fallon

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Position	Senior Economic Advisor
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### Qualifications

Doctor of Philosophy (Economics), University of Western Ontario, Canada.

Master of Arts (Economics), University of Western Ontario, Canada.

Bachelor of Economics (First Class Honours in Economic Statistics, University Medallist),  
University of Queensland.

### Key Skills and Experience

I am a Senior Economic Advisor and the founder of Economic Insights Pty Ltd. I have worked on a wide range of economic regulation, economic development and public policy matters and provided advice on all major aspects of economic and public policy.

I have been an adviser in relation to several mergers in the airline, energy, wholesale and retail sectors and I have advised private and public clients in several major price determinations and regulatory hearings in relation to airports, electricity, gas, rail, seaports and water infrastructure. I have also provided expert opinion on market definition and competition issues in several other markets and was an expert witness for a major case in relation to estimating the damages from price fixing in concrete markets.

From 2012 to 2014 I was Director of Research at the Queensland Competition Authority. Prior to becoming a consultant, in 1992, I worked at the Australian Industry Commission on economic reforms, at the OECD on macroeconomic issues, at the Queensland Treasury on public enterprises and earlier in my career at the Reserve Bank of Australia.

From 2012 to 2015 I developed and taught a master's level course on Infrastructure Regulation Economics and Policy at the Crawford School of Economics and Public Policy Australian National University. In 2015 and 2016 I also developed and taught a master's level course on Globalisation and Economic Development at the University of Queensland.

## Key Projects

### Access and pricing Issues

- Report for Energy Regulation Authority of Western Australia on Western Power's fifth access arrangement (2021).
- Report for Glencore on declaration of the Dalrymple Bay Coal Terminal (2019).
- Advice to Svitzer Australia on access pricing at the Port of Darwin (2019).
- Assisted Synergies Economic Consulting in providing reports on access pricing issues for a price arbitration and revocation of declaration of the Port of Newcastle for Glencore (2018).
- Expert witness for foundation customers in a dispute with Aurizon about the pricing of risk for the Wiggins Island Rail Project (2017-18).
- Advisor to the potential users of West Pilbara rail and port infrastructure on access pricing and the cost of capital (2014-15).
- Report for Anglo-American Coal on asset stranding, the cost of capital and the socialisation of costs in relation to user charges for rail infrastructure in Queensland (2010).
- Report for the Minerva Joint Venture in relation to the asset value for the West Blackwater Access Undertaking Proposed by Queensland Rail Network Ltd (2009).
- Report on third party access and price regulation of the Dalrymple Bay coal loading facility in Queensland for Queensland Treasury (2000).
- Expert report on third party access price issues with respect to the Hunter Rail Network for the New South Wales Minerals Council (1998–99).
- Reports on access prices in relation to the Cairns and Mackay Port Authorities and the Brisbane Markets Authority for the Queensland Treasury (1999).
- Report on asset valuation, depreciation and rate of return issues in relation to Queensland Rail for the Queensland Treasury (1999).

### Other Economic Regulation

- Advisor to London Economics International on benchmarking of a gas distribution business in Massachusetts for regulatory purposes (2019-20).
- Chairman of an Independent Panel to review the rate of return guidelines for gas pipelines for the Economic Regulation Authority of Western Australia (2018).
- Part of a panel contract with Dr Denis Lawrence to advise the Australian Energy Regulator on benchmarking of energy network businesses (ongoing).
- Report for Independent Consumer and Competition Commission of Papua New Guinea on price regulation of sugar (2018-19).
- Reports for the Netherlands Authority for Consumers and Markets on various topics in efficiency benchmarking of energy networks (2017-20).
- Review of the Australian Energy Regulator's capital expenditure sharing scheme and efficiency benefit sharing scheme in relation to incentive regulation of energy network businesses for the Independent Competition and Regulatory Commission of the ACT (2016-17)

- Supervised research projects and reports at the Queensland Competition Authority on: regulatory objectives and pricing principles, pricing for capacity expansion, pricing disparities for medical equipment, risk and the form of regulation, the split cost of capital, trailing average cost of debt, market parameters for the cost of capital, financial capital maintenance, depreciation, annuities and incentive regulation (2012-2014).
- Report for the New Zealand Competition Commission on regulatory precedents for setting the cost of capital within a range (2014).
- Reports for the New Zealand Commerce Commission on asset valuation and total factor productivity measurement in the presence of sunk costs, incorporating the principle of financial capital maintenance (2009).
- Report on the future of infrastructure in Australia, focussing on regulatory and other policy issues affecting investment including principles and frameworks for effective regulation, competition and vertical integration issues, the effective use of public private partnership arrangements, taxation arrangements and case studies (2005).
- Expert report on cost of capital and dividend imputation issues in relation to compensation for the acquisition of land for coal mining (2003-04).
- Various reports on cost of capital issues for electricity, gas and water utilities (2003).
- Adviser to the Commonwealth Treasury of Australia on industry self regulation (2000).
- Asset valuation, rate of return and pricing guidelines for local councils for the Queensland Department of Local Government and Queensland Treasury (1999–2000).
- Report on the criteria for deciding whether government businesses should be declared as monopolies for the purpose of price monitoring and competitive neutrality issues for the Queensland Competition Authority (1997).

## Mergers

- Advisor to Allens in a dispute between the Independent Consumer and Competition Commission of PNG and PNG Mainport Liner Services, Steamships Limited and Consort Express Lines Limited in relation to competition issues for a shipping and stevedoring merger in PNG (2019).
- Assisted Synergies Economic Consulting in preparing a report on competition issues relating to the proposed sale of Aurizon's intermodal business to Pacific National (2018).
- Assisted Professor Flavio Menezes in the preparation of a report on the application of auction theory to the proposed merger of Tabcorp and Tatts (2017).
- Advice on the competition implications of joint ownership by banks of an EFTPOS system (2007).
- Public benefit test of Water Grid Manager and water asset aggregations and associated regulatory arrangements in South East Queensland (2007).
- Assessment of the competitive effects of telecoms mergers and vertical integration issues in Portugal (2006).
- Assessment of the competitive effects of mergers in the wagering and gaming industries for

TabCorp (2006).

- The competition implications of vertical and horizontal integration in the electricity industry in Australia for electricity utilities (2004-05).
- Co-ordinator of the team that advised the AGL on trade practice issues in its proposed acquisition of Loy Yang A in the electricity sector (2003).
- Airline alliances, market structure and efficiency report, prepared for Qantas in relation to the proposed alliance with Air New Zealand (2003).
- Advice to a private client on the competition implications of an acquisition in the food processing sector (1997).
- The trade practices implications of an acquisition in the bathroom products market for a private client (1996).
- Report on the public benefit effects of the takeover of Queensland Independent Wholesalers by Davids for a private client (1996).
- Adviser to Composite Buyers Pty Ltd in relation to the public benefits of a merger (1995).
- Adviser to Caltex and Ampol in relation to a proposed merger (1995).
- Adviser and expert witness for the Trade Practices Commission in the proposed takeover by QUF Industries Limited of Port Curtis Dairy Association Ltd (1994).
- Adviser and expert witness for the Trade Practices Commission in the proposed takeover by Coles Myer Limited of Foodland Australia Limited (1994).
- Economic adviser and expert witness for Sagasco (a major gas exploration and distribution company) in a takeover bid by Santos (1993).
- Economic adviser and expert witness for Queensland Independent Wholesalers in the proposed takeover by Davids Holdings Pty Ltd (1992).

#### **Other Trade Practice and Competition Issues**

- Advice on market definition and exclusionary conduct in relation to GPS enhanced fitness watchers and bicycle computers (2018).
- Expert witness for the Commission of Inquiry into the fuel price subsidy in Queensland (2007).
- Report on the effectiveness of an on-line auction system for the allocation of timber in Victoria (2008).
- Expert report on market definition and competition issues in relation to the use of a bulk cargo unloading crane system at Geelong Port (2007).
- Advice on market definition and competition issues in relation to the separation of Queensland Rail's electrification assets from the access regime for below rail services (2007).
- Economic report on regulation of stevedoring and the competitive effects of cabotage arrangements in Papua New Guinea for Steamships Pty Ltd (2006).
- Report on the competitive effects and public benefits of licensing restrictions in wagering and gaming for TabCorp (2005).

- A public benefit assessment of restrictions on competition in the provision of compulsory third party insurance (2005).
- Market definition and competition issues in relation to the allocation of timber milling licenses for the Queensland Department of Primary Industries (2003).
- Market definition issues in relation to the gaming market for Queensland Treasury (2003).
- The pricing of financial services for a private client in relation to a matter before the Administrative Appeals Tribunal (2002).
- Expert witness for Queensland Crown Law on collusive price fixing arrangements and associated damages in the concrete industry in South East Queensland (1996–2001).
- Market definition issues in relation to tourism services in North Queensland (2001).
- Market definition and competition issues in relation to the thoroughbred racing and wagering industries for Queensland Crown Law (2001).
- Market definition and competition issues in relation to an agreement between Microsoft and the Queensland Government for Queensland Crown Law (2000).
- Advice to a private client on the waste paper market in Australia (1997–98).
- Advice to the Queensland Treasury on microeconomic reform and national competition policy (1996).
- Report on the price implications of price fixing in concrete markets for a private client (1996).
- Adviser to the Australian Competition and Consumer Commission on predatory pricing (1996).
- Reports for the Queensland Treasury on public benefit criteria to assess anti-competitive restrictions, and market definition and trade practices issues in relation to sponsorship arrangements in the insurance industry, the workers compensation scheme, the assignment of timber milling licences and the assignment of rights to on sell water allocations (1996).
- Report on market definition for an industry submission to the Australian government on the activities of the Prices Surveillance Authority (1994).

### Electricity

- Report for National Research Institute of Papua New Guinea on Economic Regulation and Reform of the Electricity sector in Papua New Guinea (2018-19).
- Reports for the Independent Competition and Consumer Commission (Australian Capital Territory) on various aspects of regulation of retail electricity prices (2016-2017).
- Reports for the Netherlands Authority for Consumers and Markets on various topics in efficiency benchmarking of electricity networks (2017).
- Reports for Tenaga Nasional (Malaysian vertically integrated energy utility) with London Economics International on asset valuation, efficiency incentive schemes, form of regulation, modelling and regulatory guidelines (2016-17).
- Assisted London Economics International in the preparation of expert reports on productivity measurement for the regulation of power generation in Ontario (2016-17 and 2019-20).

- Advisor to Horizon Power on cost escalators, the cost of capital and funding arrangements for the power sector in regional Western Australia (2010-11).
- Reports for the New Zealand Commerce Commission on asset valuation and total factor productivity measurement in the presence of sunk costs and incorporating the principle of financial capital maintenance (2009).
- Expert witness report to the Supreme Court of Queensland on behalf of Origin Energy in relation to a dispute about the benchmark retail electricity cost index in Queensland (2009).
- Advice on principles for roll forward and indexation of the asset base for electricity distribution businesses, in association with Dr Denis Lawrence, for the New Zealand Commerce Commission (2007).
- Report on cost allocation principles and practices for common and fixed costs in the electricity and gas sectors, in association with Dr Denis Lawrence, for the New Zealand Commerce Commission (2006-07).
- Development of a methodology for determining compensation in relation to the provision of ancillary generation services to the network operator in Tasmania (2004).
- Report on the recovery of costs associated with full retail contestability in New South Wales for Energy Australia (2000).
- Report on the form of regulation for electricity, particularly the issue of regulating prices, revenue or the rate of return for the Queensland Competition Authority (2000).
- Adviser to the Northern Territory Power and Water Authority on their submission to the Northern Territory Utilities Commission on the price of access to their network (1999–2000).
- Report on the form of price control for regulation of prices in the electricity distribution and retail sector in New South Wales for Energy Australia for an IPART price review (1999).
- Report on the regulation framework for the electricity industry in Queensland for the Queensland Competition Authority (1999).

## Gas

- Assisted London Economics International in the preparation of expert reports on productivity measurement for the regulation of NSTAR gas distribution in Massachusetts (2020).
- Chairman of an Independent Panel to review the rate of return guidelines for gas pipelines for the Economic Regulation Authority of Western Australia (2018).
- Reports for the Netherlands Authority for Consumers and Markets on various topics in efficiency benchmarking of gas networks (2017).
- Advice to the New Zealand Commerce Commission on pricing principles and price methodologies for gas distribution businesses (2009).
- Benchmarking the performance of Australian gas distribution utilities relative to US gas distribution businesses for determining regulated prices (2007).
- Advice on various aspects of economic regulation of gas distribution businesses for the New Zealand Commerce Commission (2007).

- Peer review of a report on the rationale for policy intervention in the supply of gas to the WA domestic market for the WA government (2007).
- Advice on regulatory treatment of taxation for gas distribution businesses for the New Zealand Commerce Commission (2007).
- Advice on approaches and issues in relation to asset valuation, cost allocation for common costs, and principles for roll forward and indexation of the asset base for gas distribution businesses, in association with Dr Denis Lawrence, for the New Zealand Commerce Commission (2007).
- Reports on rate of return, asset valuation and cost allocation issues for Gascor in relation to major price arbitration (2001).
- Report on asset valuation issues in relation to gas pipelines for the Queensland Competition Authority (2001).
- Adviser and expert witness on pricing principles and various cost of capital issues in the gas, coal mining and electricity industries in relation to the price of gas supplied by the South West Queensland producers for the Pipeline Authority of South Australia and the Electricity Transmission and Supply Authority of South Australia (1996).

#### **Water**

- Reports for the Independent Competition and Consumer Commission (Australian Capital Territory) on various issues relation to the regulation of water and sewerage including the tariff structure, cost of capital, incentive schemes and developer charges (2016-18).
- Advisor to the Independent Competition and Regulatory Commission (ACT) on the cost of capital (2014).
- Bulk and retail water regulation in urban and rural Queensland. This encompassed advice on the form of regulation, incentive regulation, the cost of capital, asset valuation, cost allocation and capacity to pay (2010-11).
- Report on the competition implications and public benefits of the Queensland Water Grid Manager and associated asset aggregations (2007).
- Assessment of the competitive effects of horizontal and vertical integration and pricing options for water infrastructure in South East Queensland (2006).
- The options for water reform in North West Queensland (2005).
- Asset valuation, capital contributions, the cost of capital and pricing issues in relation to water infrastructure for the Burdekin Haughton irrigation scheme for the Queensland Competition Authority (2001–02).
- Report on the appropriate organisational structure for Sydney Water and the Sydney Water Catchment Authority for the New South Wales Cabinet Office (1999).

#### **Telecommunications and Post**

- Report for the Australian Competition and Consumer Commission on hedonic price indexes for various telecommunications services (2017-18).

- Report for the Australian Competition and Consumer Commission on regulated prices for Telstra's Domestic Transmission Capacity System (2015-16).
- Reports for Spark New Zealand and Vodafone New Zealand for their submissions on review of the Telecommunications Act in New Zealand (2015-16).
- Report for Australia Post on Methodology for costing Community Service Obligations (2016).
- International benchmarking study of the total factor productivity performance of Australia Post and six international postal services.
- Development of price index methodology for regulation of telecommunication services for the Peruvian regulator (2006).
- Optimal capacity provisioning in the context of growth and uncertainty for Telstra's submission to the regulation of the PSTN (2004).
- Estimation of average tenure for broadband subscribers as an input into imputation tests for Telstra (2004).
- Assessing the competition implications of Telstra's broadband prices and the bundling of telecommunications products including the use of imputation tests (2004).
- Quantifying differences between broadband penetration rates for Australia and other countries, report prepared for Telstra (2003).
- Privatisation and the regulatory framework for telecommunications services in Papua New Guinea for the World Bank (2000-02).

#### Other Transport

- Economic rationale and form of block exemption orders for liner shipping conference agreements for the Singapore Competition Commission (2006).
- Advice to the Board of Airline Representatives of Australia on landing charges at Sydney, Brisbane and Perth airports. Prepared reports on single till and dual till issues, asset valuation and the cost of capital (2000).

#### Public Enterprise Reform

- Team leader for a project on improving returns on equity for public enterprises in Samoa for the Australian Department of Foreign Affairs and Trade (2019-20).
- Adviser to the World Bank and Asian Development Bank on public enterprise reform issues in a number of developing countries (1992-2009).
- Adviser to Queensland Treasury on public enterprise reform issues, accountability arrangements and performance indicators for public enterprises (1992–98).
- Adviser to the Brisbane City Council on the financial and economic impact of corporatisation of its transport operations (1997).
- Adviser to private clients on competition policy and valuation issues in relation to privatising certain public enterprises in Queensland (1996).
- Adviser to the Queensland Civil Contractors Federation on the competition policy implications of commercialising Queensland Transport's business activities (1996).

- Adviser to the Queensland Commission of Audit on public enterprise pricing (1996).
- While employed by the Queensland Treasury responsible for developing and implementing the Government's policy for corporatisation of government-owned enterprises. Prepared a White Paper on “Corporatisation in Queensland” that provided comprehensive guidelines for corporatisation (1991–92).
- Member of a number of steering committees on corporatisation and industry restructuring — for Electricity, Railways, Ports, Water and Queensland Investment Corporation. Queensland representative on the Commonwealth-State Steering Committee on National Performance Monitoring of Government Enterprises (1991–92).

### Cost Benefit Analysis

- Team leader for several public benefit tests of existing legislation. These tests have varied from minor reviews based on key economic principles to comprehensive cost benefit analyses involving economy-wide and regional models. Key studies are outlined below.
- Public benefit test of Water Grid Manager and water asset aggregations and associated regulatory arrangements in South East Queensland (2007).
- Assessment of the economy wide effects of closure of the Tiwai Point aluminium smelter in New Zealand (2006).
- Public benefit test of regulations in relation to heavy vehicle driver fatigue (2006).
- Public benefit test of compulsory third party insurance legislation in Queensland (2005).
- Public benefit test of restrictions on interstate advertising in the racing industry in New South Wales (2004).
- Public benefit test of the home warranty insurance and builder’s licensing functions of the Queensland Building Services Authority (2002).
- Public benefit test of the licensing of building certifiers and plumbers in Queensland (2002).
- Public benefit test of proposed regulation of the fitness industry in Queensland (2000).
- The costs and benefits of introducing full retail contestability in electricity in Queensland for Ergon Energy (2000).
- Public benefit test of regulation of taxis, buses and air travel in Queensland) (1999).
- Public benefit test of veterinary legislation restrictions on competition in Queensland (1999).
- Adviser to the Queensland Treasury on the public benefit test and dissenting report on the review of the Queensland Chicken Meat Industry (1998).
- Adviser to the Insurance Council of Australia on public benefit reviews of Compulsory Third Party Insurance undertaken in Western Australian and Tasmania (1998).
- Public benefit test of restrictions on competition in the dairy industry in Queensland (1998).
- Adviser to the Insurance Council of Australia on public benefit, privatisation and competition issues in relation to worker’s compensation arrangements for Victoria and Queensland and development of a competitive framework (1997–98).

- Adviser to AAMI on public benefit, privatisation and competition issues in relation to compulsory third party insurance arrangements (1997).
- Adviser to a private client on public benefit, competition and economic development issues in the sugar industry (1997).
- Evaluated the costs and benefits of Australian Commonwealth government contributions to economic modelling (1995).
- Contributed to a comprehensive framework for assessing the economic impact of road investments in Queensland for the Queensland Transport Department (1994).
- Supervised a cost benefit analysis of container deposit legislation for the IAC (1987).

### **Publications and conference papers**

- Fallon, J., M. Blake and D. Kelley (2014) “Regulatory Objectives and Pricing Principles”, Network, Issue 50, March.
- Blake, M., and J. Fallon, (2012) “The Form of Regulation and Non-Diversifiable Risk, Network, Issue 44, June.
- Fallon, J., (2012), “Taxation of the Mining Sector: An Assessment of Recent Developments”, Tax Policy Journal, Vol. 7.
- Diewert, E., J. Fallon and D. Lawrence, (2009), “Productivity-based Regulation and Sunk Costs”, for the Commerce Commission.
- Fallon, J. 2009, “The Taxation of Income from Capital”, Tax Policy Journal, Vol. 5.
- Fallon, J. 2007, “Fuel Tax Policy: Issues and Economic Principles”, Tax Policy Journal, Vol. 3.
- Fallon, J. 2006, “Market structure, regulation and performance in the airline industry: Lessons for a potential alliance”, in Coelli, T., and D. Lawrence, Performance Measurement and Regulation of Network Utilities, Edward Elgar Publishing, Cheltenham.
- Fallon, J., and F. Menezes, 2006, “Exclusionary conduct: theory, tests and some relevant Australian cases”, Competition and Consumer Law Journal, vol. 13.
- Goorha P. and J. Fallon, 2006, “Optimal Provisioning Theory and Regulatory Distortions”, in International Journal of Regulation and Governance, Vol 6, 1.
- Fallon, J. 2005, “The ACCC’s interpretation of public benefit in authorisation decisions”, Agenda, December.
- Fallon, J. 1991, “Implementing and Adopting the Corporatisation Model”, Institute for International Research Conference on Queensland Corporatisation, Brisbane, October.
- Fallon, J., P. Gretton, S. James and D. Luskin 1991, “Industry Assistance Trends and Regional Implications”, Paper No. 4 in Background Paper on Urban and Regional Issues, Economic Planning Advisory Council.

## **Employment Record**

Senior Economic Advisor, Economic Insights Pty Ltd (June 2014 – present)

Casual lecturer, Globalisation and Economic Development, University of Queensland (2015-2016)

Casual Lecturer, Infrastructure Regulation and Economic Policy, Crawford School of Economics and Policy, Australian National University (2012-2014)

Director of Research, Queensland Competition Authority (January 2012-May 2014)

Director, Economic Insights Pty Ltd (August 2006- January 2012).

Vice President, CRA International Pty Ltd (December 2004-July 2006).

Principal, Network Economics Consulting Group Pty Ltd (March 2003-November 2004).

Managing Director, Economic Insights Pty Ltd (September 1992-February 2003).

Director, Government Owned Enterprises Unit, Queensland Treasury (1991- 1992).

Assistant Commissioner, Economic Studies, Industry Commission, Canberra (1990-April 1991).

Casual lecturer, (Macroeconomics of Developing Countries) Australian National University (1990).

Economist, Economics and Statistics Department, OECD, Paris (1987–89).

Director, Industries Assistance Commission (IAC) Canberra (1986–87).

Teaching Assistant, University of Western Ontario, London, Canada (part-time, 1982–85).

Principal Research Officer, Assistant Director and Acting Director, IAC (1980–82).

Tutor, (Quantitative methods) University of Queensland (part-time, 1979–80).

Bank Officer, Reserve Bank of Australia, Brisbane (1971–80).